

# **SMALL BUSINESS LOAN FUND CORPORATION**

## **MINUTES OF THE BOARD OF DIRECTORS**

**July 25, 2013**

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, July 25, 2013, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty, Mr. John Pagliarini, Mr. Jose Monteiro, and Mr. Richard DeMerchant

The following Director was absent: Ms. Yahaira Placencia

Also present were: Stacy Farrell, Corporation Secretary, Sean Esten, Corporation Administrator, Ms. Denise Barge, Corporation Staff, and Tom Moses, Esq., Moses Afonso Ryan Ltd.

Mr. Fogarty presided over the meeting.

#### **1. Call to Order.**

Mr. Fogarty called the meeting to order at 9:41 a.m.

#### **2. Approval of the Minutes of the Meeting held on June 27, 2013**

The first item to come before the Board was approval of the Minutes of the Board meeting held on June 27, 2013. Upon motion duly made by Mr. DeMerchant and seconded by Mr. Monteiro, the motion to approve the Public and Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Mr. Monteiro and Mr. DeMerchant

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Ms. Placencia

#### **3. Maintain the Executive Minutes of the June 27, 2013 meeting as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on June 27, 2013. Upon

motion duly made by Mr. DeMerchant and seconded by Mr. Monteiro, the motion to maintain the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Mr. Monteiro and Mr. DeMerchant

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Ms. Placencia

**4. Report of Cash Position as of June 30, 2013.**

Staff asked if there were any questions or comments regarding the Cash Report for the period ended June 30, 2013 (Exhibit A). There was some discussion regarding the “Outstanding Commitments” on the report and the expected timeline for these loans to close. It was noted that there was currently \$3.5 million available to lend and that staff anticipated bringing up to three deals before the Board in August for consideration. The Board asked that marketing be added to the August agenda for discussion.

**5. Delinquency Loan Report as of July 19, 2013**

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated July, 2013 (Exhibit B). Board members asked that future reports contain some kind of notation on loans that were new to the report from the prior month. Mr. Esten noted that further discussion would take place in Executive Session regarding any legal action to be taken against delinquent Borrowers.

**6. To Consider the Engagement of a Consultant with respect to Credit Management, Policies and Administration**

Mr. Esten presented the Board with a Memorandum which outlined his reasons for proposing that a consultant aid staff in developing policies and procedures (Exhibit C). Mr. Esten indicated that he felt a third party consultant would relieve staff of the time burden associated with this task in addition to allowing for a focused approach to the development of the policies and procedures across all programs. He noted that SBLFC and SSBCI funds would each provide up to \$4,000 toward the cost of the consulting service and the other three finance programs of the RIEDC would also each contribute up to \$4,000. This would allow for a total budget of \$20,000. Board members asked if they would be providing any input to the consultant and Mr. Esten stated that he encouraged this interaction and would ensure that the consultant selected would engage the Board in the project. Upon motion duly made by Mr. Pagliarini and seconded by Mr. Monteiro, the motion to approve the engagement of a Consultant with respect to Credit Management, Policies and Administration at a cost not to exceed \$4,000 from SBLFC and \$4,000 from SSBCI was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Mr. Monteiro

The following Directors voted against the foregoing: Mr. DeMerchant

The following Directors were absent for the vote: Ms. Placencia

## **7. Other Business**

There were some questions from the Board regarding the audit of SBLFC and SSBCI that had been completed recently. Mr. Esten indicated that he was waiting for the final draft. He indicated he would supply the Board in advance of a special meeting to discuss it.

There were no other items to come before the Board in Public Session.

## **Executive Session**

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Mr. DeMerchant and seconded by Mr. Pagliarini, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Mr. Monteiro and Mr. DeMerchant

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Ms. Placencia

Public Session concluded and Executive Session began at 10:08 a.m.

## **8. Executive Session Vote Ratification**

The meeting was reconvened from Executive Session to Public Session at 10:20 a.m. Mr. Fogarty noted that no votes were taken by the Board in Executive Session.

## **9. Adjournment**

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. Pagliarini and seconded by Mr. DeMerchant, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini, Mr. DeMerchant, and Mr. Monteiro.

The following Directors voted against the foregoing: None

The following Directors were absent for the vote: Ms. Placencia  
The meeting was adjourned at 10:22 a.m.

Respectfully submitted,

/s/ Stacy Farrell  
Stacy Farrell, Secretary